

Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Credit Card Loss Protection Offers: They're the Real Steal

"A man told me that the Y2K bug makes it easier for thieves to get my credit card number and charge thousands of dollars on my account. He said that I'd be responsible for paying the bills, even though I didn't okay the charges. He wanted to sell me credit card loss protection insurance to cover the unauthorized charges, and said that the fee for the insurance could be billed to my credit card. Should I buy it?"

"I got a call from a woman who said I need credit card loss protection insurance. I thought there was a law that limited my liability to \$50 for unauthorized charges. But she said the law had changed and that now, people are liable for all unauthorized charges on their account. Is that true?"

Don't buy the pitch — and don't buy the "loss protection" insurance. Telephone scam artists are lying to get people to buy worthless credit card loss protection and insurance programs. If you didn't authorize a charge, don't pay it. Follow your credit card issuer's procedures for disputing charges you haven't authorized. According to the Federal Trade Commission, your liability for unauthorized charges is limited to \$50.

The FTC says worthless credit card loss protection offers are becoming more common as the millennium approaches and fraudulent promoters try to exploit consumer uncertainty. As a result, the agency is cautioning consumers to avoid doing business with callers who claim that:

- you are liable for more than \$50 in unauthorized charges on your credit card account.
- you need credit card loss protection because computer hackers can access your credit card number and charge thousands of dollars to your account.
- the Y2K bug will make it easy for thieves to place unauthorized charges on your credit card account.
- they're from "the security department" and want to activate the protection feature on your credit card.

The FTC advises consumers not to give out personal information — including their credit card or bank account numbers — over the phone or online for any product unless they are familiar with the business and have initiated the contact. Scam artists can use your personal information to commit fraud.

To file a complaint with the FTC about a credit card loss protection scam, call toll-free: 1-877-FTC-HELP (382-4357); TDD: 202-326-2502; write: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or click on: www.ftc.gov. Although the Commission cannot resolve individual problems for consumers, it can act against a company if it sees a pattern of possible law violations.